

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendrayner
David C. Boyd
Marshall Johnson
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Formal Complaint and
Request for Investigation by Linwood
Township

ISSUE DATE: September 20, 2007

DOCKET NO. G-002/C-06-155

ORDER APPROVING COMMUNICATION
PLAN AND TARIFF MODIFICATIONS

PROCEDURAL HISTORY

On February 3, 2006, Linwood Township filed a complaint alleging that Xcel Energy (Xcel) refused to extend gas utility service to the Boettcher Farm Preserve development.

After investigation into this matter by the Department of Commerce (Department), the Commission, on June 21, 2006, issued an Order resolving the Complaint and setting criteria for non cost-justified main extension projects. In its Order, the Commission directed Xcel to:

- Develop a tariff (as part of its extension tariff) based on the new area surcharge (NAS) that should be used for non-cost justified projects;
- Submit revised and/or new tariff language to incorporate the specific criteria Xcel proposes to use to determine the conditions under which it will extend service to non-cost justified projects, including an explanation and justification for including city sewer and water service as criteria; and
- Submit a comprehensive plan that details how the criteria for acceptance or rejection of non-cost justified extension projects, as provided in the approved tariff, are to be communicated to interested persons.

Xcel submitted its communication plan, proposed tariffs and service list, and modifications of the proposed tariff. Thereafter, the Commission issued a notice requesting comments on the proposed tariff. No party in this docket has filed comments.

On September 6, 2007, the Commission met to consider the matter.

FINDINGS AND CONCLUSIONS

I. Communication Plan

In its June 21, 2006 Order, the Commission directed Xcel to submit a comprehensive plan that detailed how the criteria to be used to evaluate non-cost justified extension projects, as provided in the approved tariff, would be communicated to interested persons.

The plan Xcel submitted utilizes three methods to communicate its extension policies to builders and developers: 1) a letter; 2) Xcel's website; and 3) communications by Xcel's territory representatives.

The communication letter, which Xcel proposes to mail to all builders and developers who have worked with the Company within the last three years, makes reference to the MPUC approved criteria used by the Company to evaluate conditions under which the Company will extend service to non-cost justified projects, and purports to attach the criteria. The attachment was not included in Xcel's filing because the criteria are included as part of the proposed tariff modifications in this docket. The Commission will require Xcel to file these criteria within 30 days of the date of this Order.

The Commission finds that Xcel's proposed communication plan is reasonable, clear, and adequately communicates Xcel's extension policies. The Commission approve Xcel's proposed communication plan.

II. Proposed Tariff Changes

In its June 21, 2006 Order, the Commission directed Xcel to develop a tariff (as part of its extension tariff) based on the new area surcharge rider in its tariff book and to submit the revised or new tariff language.

A. NAS Tariff

Xcel proposed certain changes to the New Area Surcharge rider in its tariff book. While these changes may simply clarify the New Area Surcharge tariff, that tariff is not at issue in this docket and cannot properly be amended here. The Company should file any proposed changes to the New Area Surcharge tariff in a separate docket, which will be subject to standard notice procedures and standard comment periods.

B. Residential Main Extension Policy

Xcel's proposed tariff modifies Section 5.3 of Section 6 of the Minnesota Gas tariff book, entitled "Residential Main Extension Policy."

The revised tariff language incorporates the criteria Xcel proposes to use to determine the conditions under which it will extend service to non-cost justified projects.

Extensions requiring gas main in excess of 100 feet per residential customer, and is located less than 4,000 feet from existing Company gas infrastructure from which gas service will be provided is considered non-cost justified and may require a Contribution in Aid of Construction (CIAC) payment calculated by the Commission approved Residential Extension Model (REM). A non-refundable payment for CIAC is made in advance as established by the REM.

The Commission finds that the proposed tariff changes contained in Section 5.3 of Section 6 of Xcel's Minnesota Gas Tariff Book for non-cost justified projects provide reasonable criteria for extending gas utility service, balancing the interests of both the Company and the customer. It would be helpful, however, for the tariff to include at least the information set forth below, which the Commission asks the Company to incorporate for greater clarity:

- the discount rate to be used in the model should be specified in the tariff;
- the REM should include definitions of the terms which describe the contents and general operation of the model; and
- definitions should be provided to reflect the differences between the NAS and the REM for such terms as: surcharge revenue; capital cost; and O & M.

The Commission therefore approves the concept of the proposed modifications. The Commission will ask the Company to work with Commission and Department staff to revise the proposed tariff and will authorize the Executive Secretary to approve final tariff.

ORDER

1. The Commission approves Xcel's proposed communication plan, directs Xcel to file the attachment containing the criteria for extensions within 30 days of this Order, and directs Xcel to work with Commission staff on the wording of the communication letter.
2. The Commission denies Xcel's proposed changes to the NAS tariff.
3. The Commission approves Xcel's proposed modifications to Section 5.3 of Section 6 of the Minnesota Gas Tariff Book in concept. The Commission directs Xcel to work with Commission staff and the Department regarding wording changes and the appropriate definitions to include for the Residential Extension Model. The Commission delegates to the Executive Secretary the authority to approve any revisions made.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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